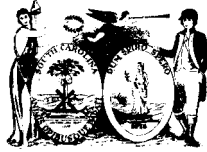


State of South Carolina



Office of the State Auditor

1401 MAIN STREET, SUITE 1200  
COLUMBIA, S.C. 29201

THOMAS L. WAGNER, JR., CPA  
STATE AUDITOR

(803) 253-4160  
FAX (803) 343-0723

September 26, 2001

Ms. Alta Dubose, Controller  
Marion County Hospital District  
Post Office Box 1150  
Marion, South Carolina 29571

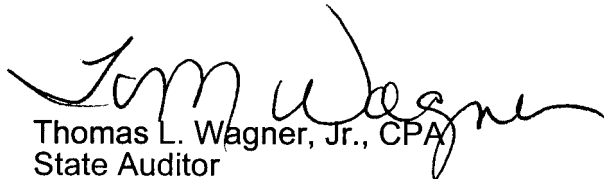
Re: AC# 3-ENG-J6 – English Park Nursing Center

Dear Ms. Dubose:

The accompanying report has been prepared by our office based on your Medicaid Financial and Statistical Report submitted to the Department of Health and Human Services for the cost report period October 1, 1995 through September 30, 1996. That report was used to set the rate covering the contract periods beginning October 1, 1997.

We are recommending that the Department of Health and Human Services certify an accounts payable for amounts underpaid as a result of the rate changes shown on Exhibit A. You will be notified of settlement terms by that agency.

If you take exception to this report in any manner, you have the right to appeal in accordance with the Code of Laws of South Carolina, 1976 as amended, Title 44, and Department of Health and Human Services Regulation R.126-150, and you must respond in writing within thirty (30) calendar days of the date of this letter. This written response must address the specific items in the report being appealed, and must be directed to the Appeals and Hearings, Department of Health and Human Services, Post Office Box 8206, Columbia, South Carolina 29202-8206. Any correspondence should include the control number appearing on Exhibit A of this report.

  
Thomas L. Wagner, Jr., CPA  
State Auditor

TLWjr/kss

cc: Ms. Brenda L. Hyleman  
Mr. Jeff Saxon  
Mr. Joseph Hayes

**ENGLISH PARK NURSING CENTER**

**MARION, SOUTH CAROLINA**

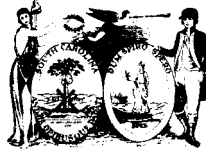
**CONTRACT PERIOD  
BEGINNING OCTOBER 1, 1997  
AC# 3-ENG-J6**

**REPORT ON CONTRACT  
FOR  
PURCHASE OF NURSING CARE SERVICES  
WITH  
STATE OF SOUTH CAROLINA  
DEPARTMENT OF HEALTH AND HUMAN SERVICES**

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# State of South Carolina



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### INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

August 1, 2001

Department of Health and Human Services  
State of South Carolina  
Columbia, South Carolina

We have performed the procedures described below, which were agreed to by the South Carolina Department of Health and Human Services, solely to compute the rate change and related adjusted reimbursement rate to be used by the Department in determining the reimbursement settlement with English Park Nursing Center, for the contract period beginning October 1, 1997, and for the twelve month cost report period ended September 30, 1996, as set forth in the accompanying schedules. This engagement to apply agreed-upon procedures was performed in accordance with the standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Department of Health and Human Services. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

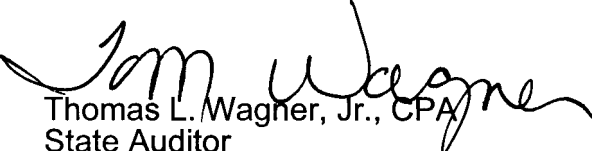
The procedures and the associated findings are as follows:

1. We tested selected costs or areas based on our analytical procedures applied to the reimbursable Medicaid program costs as shown on the Financial and Statistical Report for Nursing Homes, as filed by English Park Nursing Center, to determine if these costs were allowable as defined by the State Plan for Medicaid reimbursement purposes and supported by accounting and statistical records maintained by the provider. Our findings as a result of these procedures are presented in the Adjustment Report, Summary of Costs and Total Patient Days, and Cost of Capital Reimbursement Analysis sections of this report.
2. We recomputed the Computation of Reimbursement Rate using the adjusted costs and calculated the rate change in accordance with the provisions of the contract between the Department of Health and Human Services and English Park Nursing Center dated as of October 1, 1994 as amended. Our findings as a result of these procedures are presented in the Computation of Rate Change and Computation of Adjusted Reimbursement Rate sections of this report.

Department of Health and Human Services  
State of South Carolina  
August 1, 2001

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the South Carolina Department of Health and Human Services and is not intended to be and should not be used by anyone other than the specified party.

  
Thomas L. Wagner, Jr., CPA  
State Auditor

**ENGLISH PARK NURSING CENTER**  
Computation of Rate Change  
For the Contract Period  
Beginning October 1, 1997  
AC# 3-ENG-J6

	Beginning <u>10/01/97</u>
Adjusted reimbursement rate	\$96.77
Interim reimbursement rate (1)	<u>94.63</u>
Increase in reimbursement rate	\$ <u><u>2.14</u></u>

- (1) Interim reimbursement rate from the South Carolina Medicaid Management Information System (MMIS) Provider Rate Listing dated December 19, 2000

# ENGLISH PARK NURSING CENTER

Computation of Adjusted Reimbursement Rate  
For the Contract Period October 1, 1997 Through September 14, 1998  
AC# 3-ENG-J6

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$53.65	\$47.70	
Dietary		12.30	10.55	
Laundry/Housekeeping/Maint.		<u>9.01</u>	<u>7.53</u>	
Subtotal	\$ <u>-</u>	74.96	65.78	\$65.78
Administration & Med. Rec.	\$ <u>-</u>	<u>9.23</u>	<u>9.06</u>	<u>9.06</u>
Subtotal		84.19	<u>\$74.84</u>	74.84
<u>Costs Not Subject to Standards:</u>				
Utilities		3.55		3.55
Special Services		-		-
Medical Supplies & Oxygen		-		-
Taxes and Insurance		1.59		1.59
Legal Fees		<u>.26</u>		<u>.26</u>
TOTAL		<u>\$89.59</u>		80.24
Inflation Factor (4.40%)				3.53
Cost of Capital				12.50
Cost of Capital Limitation				-
Profit Incentive (Max. 3.5% of Allowable Cost)				-
Cost Incentive				-
Effect of \$1.75 Cap on Cost/Profit Incentives				-
Minimum Wage Add-On				<u>.50</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$96.77</u>

**ENGLISH PARK NURSING CENTER**  
Summary of Costs and Total Patient Days  
For the Cost Report Period Ended September 30, 1996  
AC# 3-ENG-J6

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DHHS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
General Services	\$1,092,493	\$ -	\$206,815 (1) 28,038 (2)	\$ 857,640
Dietary	284,181	9,072 (2)	96,649 (1)	196,604
Laundry	21,011	-	-	21,011
Housekeeping	97,793	4,083 (2)	32,695 (1)	69,181
Maintenance	59,216	1,796 (2)	7,217 (1)	53,795
Administration & Medical Records	292,810	13,087 (2)	158,363 (1)	147,534
Utilities	54,785	1,967 (1)	-	56,752
Special Services	-	-	-	-
Medical Supplies & Oxygen	31,035	-	31,035 (1)	-
Taxes & Insurance	10,215	15,164 (1)	-	25,379
Legal Fees	-	4,118 (1)	-	4,118
Cost of Capital	155,308	147,328 (1) <u>74,042 (4)</u>	176,875 (3)	199,803
Subtotal	2,098,847	270,657	737,687	1,631,817
Ancillary	14,862	-	14,862 (1)	-



**ENGLISH PARK NURSING CENTER**  
Summary of Costs and Total Patient Days  
For the Cost Report Period Ended September 30, 1996  
AC# 3-ENG-J6

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&amp;HS</u>	Adjustments <u>Debit</u>	<u>Credit</u>	Adjusted <u>Totals</u>
Non-Allowable	186,139 <u>                    </u>	143,121 (1) <u>176,875 (3)</u>	74,042 (4) <u>                    </u>	432,093 <u>                    </u>
Total Operating Expenses	\$ <u>2,299,848</u>	\$ <u>590,653</u>	\$ <u>826,591</u>	\$ <u>2,063,910</u>
TOTAL PATIENT DAYS	<u>15,986</u>	<u>-</u>	<u>-</u>	<u>15,986</u>
 TOTAL BEDS	 <u>44</u>			

**ENGLISH PARK NURSING CENTER**  
Adjustment Report  
Cost Report Period Ended September 30, 1996  
AC# 3-ENG-J6

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Utilities	\$ 1,967	
	Taxes and Insurance	15,164	
	Legal	4,118	
	Cost of Capital	147,328	
	Nonallowable	143,121	
	Other Equity	235,938	
	General Services		\$206,815
	Dietary		96,649
	Housekeeping		32,695
	Maintenance		7,217
	Administration		158,363
	Medical Supplies		31,035
	Ancillary		14,862
	To adjust cost centers to amounts per the Medicare cost report HIM-15-1, Section 2300		
2	Dietary	9,072	
	Housekeeping	4,083	
	Maintenance	1,796	
	Administration	13,087	
	General Services		28,038
	To adjust employee benefits allocation State Plan, Attachment 4.19D		
3	Nonallowable	176,875	
	Cost of Capital		176,875
	To adjust depreciation and amortization expense to comply with capital cost policy State Plan, Attachment 4.19D		
4	Cost of Capital	74,042	
	Nonallowable		74,042
	To adjust capital return State Plan, Attachment 4.19D		
		<hr/>	<hr/>
	Total Adjustments	<u>\$826,591</u>	<u>\$826,591</u>

Due to the nature of compliance reporting, adjustment descriptions and references contained in the preceding Adjustment Report are provided for general guidance only and are not intended to be all-inclusive.

**ENGLISH PARK NURSING CENTER**  
Cost of Capital Reimbursement Analysis  
For the Cost Report Period Ended September 30, 1996  
AC# 3-ENG-J6

Original Asset Cost (Per Bed)	\$ 15,618
Inflation Adjustment	<u>2.1144</u>
Deemed Asset Value (Per Bed)	33,022
Number of Beds	<u>44</u>
Deemed Asset Value	1,452,968
Improvements Since 1981	52,105
Accumulated Depreciation at 09/30/96	<u>(403,265)</u>
Deemed Depreciated Value	1,101,808
Market Rate of Return	<u>.070</u>
Total Annual Return	77,127
Return Applicable to Non-Reimbursable Cost Centers	-
Allocation of Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	77,127
Depreciation Expense	113,358
Amortization Expense	11,027
Capital Related Income Offsets	(1,709)
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Cost of Capital Expense	199,803
Total Patient Days (Actual Days)	<u>15,986</u>
Cost of Capital Per Diem	\$ <u><u>12.50</u></u>

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